



NOTICE OF EXTRAORDINARY GENERAL MEETING

Notice is hereby given that the Extraordinary General Meeting of the shareholders of **Lafarge Pakistan Cement Limited** (the “Company”) will be held on Tuesday, October 21st, 2014, at 11:00 am at the Registered Office, 18-B, Kaghan Road, F-8 Markaz, Islamabad to transact the following business:

ORDINARY BUSINESS:

1. To confirm the minutes of the Annual General Meeting held on April 29th, 2014.
2. To receive and adopt the audited accounts of the Company for the half year ended 30th June, 2014 along with Directors’ and Auditors’ reports thereon.

SPECIAL BUSINESS:

3. To consider and if thought fit to pass the following resolution with or without modification as a special resolution relating to related party transactions.

“RESOLVED THAT the “Agreement for Sale and Purchase of Equipment” to be entered into by and between ECOCEM Pakistan (Pvt.) Limited and the Company be and is hereby approved.

FURTHER RESOLVED THAT Mr. Amr Ali Reda, Chief Executive Officer of the Company, be and is hereby authorized to sign and execute the “Agreement for Sale and Purchase of Equipment” on behalf of the Company and take all necessary actions in this regard.”

4. To transact any other business which may be placed before the meeting with the permission of the chair.

By Order of the Board

AMR ALI REDA
Chief Executive Officer

Islamabad:
October 1, 2014

Notes:

1. The share transfer books of the Company will remain closed from 15-10-2014 to 21-10-2014 (both days inclusive) to determine entitlement for attending Extraordinary General Meeting.
2. A member entitled to attend and vote at this meeting may appoint another member as his/her proxy to attend the meeting and vote instead of him/her. Proxies in order to be effective must be received by the Company not later than 48 hours before the meeting.

LAFARGE HOUSE

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3. CDC shareholders entitled to attend and vote at this meeting shall produce his/her original CNIC or passport to prove his/her identity. Representatives of corporate members should bring the usual documents required for such purpose. The members are requested to follow the guidelines as laid down in Circular No. 1 dated January 26, 2000 issued by the Securities and Exchange Commission of Pakistan.
4. Shareholders are requested to immediately notify to M/s THK Associates (Pvt.) Limited, the Share Registrar of the Company, of change in their address, if any.
5. Members who have not yet submitted a photocopy of their computerized National Identity Cards to the Company are requested to send the same at the earliest to the Share Registrar.

STATEMENT UNDER SECTION 160(1)(b) OF THE COMPANIES ORDINANCE, 1984

This Statement sets out the material facts concerning the Special Business to be transacted at the Extraordinary General Meeting of the Company to be held on October 21st, 2014:

Item 3: To consider and if thought fit to pass the following resolution with or without modification as a special resolution relating to related party transactions.

- (1) Contributing to social and economic conditions of the local communities in which the Company operates is key to achieving the Company's sustainability ambitions. The Company is revered for being one of the leading cement factories in Pakistan which is substituting such high volume of fuel with bio mass and other cheaper alternative fuels thereby increasing profitability and playing an important part in protecting the ecosystem. This energy solution adopted by the Company reinforces the Company's commitment to contributing to the economy of the country and facilitating energy growth and generation with unprecedented solutions.
- (2) Lafarge Industrial Ecology International ("Lafarge IE") is a subsidiary of Lafarge SA having the objective of pursuing sustainable development objectives in the process of identifying and sourcing alternate fuels to replace non-renewable fossil fuels. In order to secure access to raw material i.e. municipal solid waste ("MSW") which is essential to making refuse derived fuel for the region of Pakistan ("RDF"), it was necessary for Lafarge IE to partner with an entity which already has legal access to MSW.
- (3) Accordingly Lafarge IE entered into a partnership with Saif Holding Limited ("SHL") which is a public limited company duly incorporated under the laws of Pakistan and is in the business of treating MSW for the purpose of processing the organic fraction of the MSW into organic compost. Lafarge IE and SHL together identified strategic and operational issues with potential non-consistency of material specifications. Based on detrimental effect of inconsistent quality of solid combustible materials on Company's kiln, Lafarge IE entered into a joint venture with SHL aimed towards production of RDF. Moreover, in the wake of increasing environmental issues resulting from insufficient waste management initiatives and growing energy crisis both parties have undertaken to work together in the exploration of RDF potential.
- (4) Resultantly, the parties agreed to pursue this opportunity through creation of a separate legal entity, namely ECOCEM Pakistan (Pvt.) Ltd ("ECOCEM"), having objectives

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of becoming the primary source of RDF for the Company in conjunction with the mid to long term approach for securing a major share in the alternate fuel market.

- (5) Accordingly ECOCEM was established as a private limited company within the meanings of Section 2(1) (28) of the Companies Ordinance 1984 with the main objective to engage in, conduct and carry on business of production, sale and delivery of RDF for use as an alternate fuel.
- (6) On April 29th, 2014 two agreements, namely, (i) Refuse Derived Fuel Agreement and; (ii) Resource and Services Agreement were authorized by the shareholders in the Annual General Meeting to be entered into between the Company and ECOCEM. Pursuant to the respective agreements, it was agreed that ECOCEM will sell shredded RDF to the Company and the Company shall provide resources/services such as land space, electricity, security etc., to ECOCEM for the purposes of its shredding operation.
- (7) As ECOCEM is now handling the business of production, sale and delivery of alternate fuel for the Company, the Company has no use for specific equipment purchased in the year 2013 for shredding sorted MSW and is therefore desirous of selling the same to ECOCEM pursuant to the "Agreement for Sale and Purchase of Equipment" (the "Agreement").
- (8) The key clauses stipulated in the Agreement are detailed below:

1. **Sale of Equipment.** *Within thirty (30) days from the Signing Date, the Seller shall sell, transfer, convey, assign, and deliver to Buyer, and Buyer shall purchase and accept for all rights, title, and interest in and to the tangible Equipment set forth on Annexure A (Equipment) hereto (the "Transfer Date").*
2. **Closing.** *The Seller shall be responsible for initiating and completing all procedures relating to ownership transfer and registration of the Equipment in favour of the Buyer. Within seven (7) working days of the date of the Transfer Date, the Parties shall sign "Closing Acknowledgement Letter" as attached in Annexure B hereof evidencing the completion of transfer of Equipment hereunder (the "Closing").*
3. **Purchase Price.** *The Buyer shall pay to the Seller for the Equipment and for all obligations specified herein, as full and complete consideration therefore, the sum of PKR 57,809,223 (Pakistani Rupees Fifty-Seven Million Eight Hundred Nine Thousand Two Hundred Twenty-three) (hereinafter "**Purchase Price**"). Payment of the Purchase Price in full shall be made by Buyer to the Seller within forty-five (45) days of Closing. The Purchase Price shall be exclusive of all applicable taxes which shall be calculated as per the prevailing tax rate at the time of payment. A failure on the part of the Buyer to make full payment against any invoice within the period prescribed hereinabove shall attract a late payment charges of the daily KIBOR +3% per annum over such unpaid amounts to be calculated from the due date until the date on which the payment of such due amount is made.*

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- (9) The transaction is on an equitable basis ensuring an arm's length transaction. The Purchase Price in the Agreement does not differ from the actual fair market value of the Equipment. Hence, both parties in the transaction have acted in their own self-interest and are not subject to any pressure or influence from the other.

- (10) As stated earlier, ECOCEM and the Company are related parties as 50% shareholding of ECOCEM is owned indirectly by the Company's ultimate parent i.e. Lafarge S.A, and both companies have the same Chief Executive Officer, Mr. Amr Ali Reda. In this background, the Directors of the Board of the Company may be deemed to be interested with respect to the aforesaid agreements and therefore restricted to vote or participate in any discussions relating to the said agreements under Section 216 (1) of the Companies Ordinance, 1984. Additionally, their presence will not be counted towards the quorum required for the Board meeting which may be tasked with the approval of the said agreements. Therefore, the aforementioned Agreement after having obtained the requisite recommendation from the Audit Committee has to be approved by the shareholders of the Company in present Extraordinary General Meeting.

- (11) The aforementioned Agreement is open for inspection by the shareholders who may through prior intimation to the Company Secretary visit the registered office of the Company between 11:00 am to 4:00 pm for such review from the date of publication of this notice till the conclusion of the Extraordinary General Meeting.

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